

1 AN ACT relating to student financial assistance.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 164.7531 is amended to read as follows:

4 (1) For purposes of this section, the terms "Best in Class for Teachers," "Best in Care
5 for Nurses," and "Best in Law for Public Service Attorneys" mean the loan
6 forgiveness programs established by the Higher Education Assistance Authority
7 under its authority in KRS 164.744(2) and 164.748(7). The term "eligible program
8 participant" means an individual who has an outstanding loan balance on a loan
9 related to these loan forgiveness programs that were issued prior to June 30, 2008.

10 (2) In the event that there are insufficient funds available from any source that can be
11 used by the Kentucky Higher Education Assistance Authority to provide loan
12 forgiveness for an eligible program participant, the authority shall negotiate an
13 extended repayment schedule upon request by an eligible participant. The
14 negotiated schedule shall be in compliance with federal loan requirements.
15 Notwithstanding any other statute to the contrary, an eligible program participant in
16 this repayment schedule shall not forfeit eligibility for other loans or scholarships
17 that become available.

18 **(3) *The Best in Class for Teachers, Best in Care for Nurses, and Best in Law for***
19 ***Public Service Attorneys programs shall end by June 30, 2018. Borrowers with***
20 ***remaining balances shall be advised of federal loan forgiveness and alternative***
21 ***repayment plan options.***

22 ➔Section 2. KRS 164.769 is amended to read as follows:

23 (1) It is the intent of the General Assembly to establish a teacher scholarship program to
24 assist highly qualified individuals to become certified Kentucky teachers and render
25 teaching service in Kentucky schools.

26 (2) For purposes of this section, the terms listed below shall have the following
27 meanings:

1 (a) "Critical shortage area" means an understaffing of teachers in particular
2 subject matters at the secondary level, in grade levels, or in geographic
3 locations at the elementary and secondary level, as determined by the
4 commissioner of education in consultation with the authority. The
5 commissioner and the authority may use any source considered reliable
6 including, but not limited to, local education agencies to identify the critical
7 shortage areas.

8 (b) "Dual credit" has the same meaning as in KRS 158.007;

9 (c) "Eligible program of study" means an undergraduate or graduate program of
10 study which is preparatory to ~~initial~~ teacher certification.

11 (d)~~(e)~~ "Expected family contribution" means the amount that a student and his
12 family are expected to contribute toward the cost of the student's education
13 determined by applying methodology set forth in 20 U.S.C. sec. 1087 kk to
14 1087 vv.

15 (e)~~(d)~~ "Participating institution" means an institution of higher education
16 located in Kentucky which offers an eligible program of study and has in force
17 an agreement with the authority providing for administration of this program.

18 (f)~~(e)~~ "Qualified teaching service" means teaching the major portion of each
19 school day for at least seventy (70) days each semester in a public school of
20 the Commonwealth or a private school certified pursuant to KRS 156.160(3),
21 except that an individual having a disability defined by Title II of the
22 Americans with Disabilities Act (42 U.S.C. secs. 12131 et seq.) or serious
23 and extended illness, whose disability or illness, certified by a licensed
24 physician, prevents that individual from teaching a major portion of each
25 school day, shall be deemed to perform qualified teaching service by teaching
26 the maximum time permitted by the attending physician.

27 (g)~~(f)~~ "Semester" means a period of about eighteen (18) weeks, which usually

1 makes up one-half (1/2) of a school year or one-half (1/2) of a participating
2 institution's academic year.

3 ~~(h)~~~~(g)~~ "Summer term" means an academic period consisting of one (1) or more
4 sessions of instruction between a spring and a fall semester.

5 (3) The authority may, to the extent of appropriations and other funds available to it
6 pursuant to subsection (9) of this section, award teacher scholarships to persons
7 eligible under subsection (4) of this section, who initially demonstrate financial
8 need in accordance with standards and criteria established by the authority or
9 received teacher scholarships pursuant to this section prior to July 1, 1996. Each
10 teacher scholarship shall be evidenced by a promissory note that requires repayment
11 or cancellation pursuant to subsection (6) of this section.

12 (4) Kentucky residents who are United States citizens and enrolled or accepted for
13 enrollment in an eligible program of study~~[on a full-time basis]~~ at a participating
14 institution shall be eligible to apply for and be awarded teacher scholarships.
15 Teacher scholarships shall first be awarded to highly qualified eligible students who
16 meet standards and requirements established by the Education Professional
17 Standards Board pursuant to KRS 161.028 for admission to a teacher education
18 program at a participating institution in pursuit of initial teacher certification~~[or~~
19 ~~who received teacher scholarships pursuant to this section prior to July 1, 1996]~~. If
20 funds are not depleted after awarding teacher scholarships to students who meet the
21 preceding criteria, then awards shall be made to any otherwise eligible students~~[~~
22 ~~seeking admission to a teacher education program]~~.

23 (5) The authority shall establish, by administrative regulation, the maximum amount of
24 scholarship to be awarded for each semester and summer term under this section,
25 and shall prorate the amount awarded to any student enrolled less than full-time in
26 accordance with paragraph (6)(a) of this section. The aggregate amount of
27 scholarships awarded to an individual shall not exceed twelve thousand five

1 hundred dollars (\$12,500) for undergraduate students and seven thousand five
2 hundred dollars (\$7,500) for postbaccalaureate students, except that the aggregate
3 amount of scholarships awarded to an individual who received teacher scholarships
4 pursuant to this section prior to July 1, 1996, including any amount received
5 pursuant to KRS 156.611, 156.613, 164.768, or 164.770, shall not exceed twenty
6 thousand dollars (\$20,000).~~], and]~~ The amount of each scholarship to be awarded
7 shall not exceed the applicant's total cost of education minus other financial
8 assistance received or expected to be received by the applicant during the academic
9 period.

10 (6) (a) The authority shall disburse teacher scholarships to eligible students who
11 agree to render qualified teaching service as certified teachers, and are
12 unconditionally admitted and enrolled in an eligible program of study~~[on a~~
13 ~~full-time basis, except that disbursements may be made to otherwise eligible~~
14 ~~students enrolled less than full-time in the semester or summer term in which~~
15 ~~the eligible program of study will be completed or otherwise eligible students~~
16 ~~having a disability defined by Title II of the Americans with Disabilities Act~~
17 ~~(42 U.S.C. secs. 12131 et seq.), who have been certified by a licensed~~
18 ~~physician to be unable to attend the eligible program of study full-time~~
19 ~~because of the disability. Teacher scholarships shall be disbursed to eligible~~
20 ~~students who received teacher scholarships pursuant to this section for~~
21 ~~recertification in a critical shortage area prior to July 1, 1996, who are enrolled~~
22 ~~in and continuing toward completion of their program of study, and who agree~~
23 ~~to render qualified teaching service as certified teachers].~~

24 (b) A teacher scholarship shall not be awarded or a promissory note cancellation
25 shall not be granted to any person who is in default on any obligation to the
26 authority under any program administered by the authority pursuant to KRS
27 164.740 to 164.785 until financial obligations to the authority are satisfied,

1 except that ineligibility for this reason may be waived by the authority for
2 cause.

3 (c) Recipients shall render one (1) semester of qualified teaching service for each
4 semester or summer term of scholarship received, except that recipients who
5 teach in a critical shortage area designated by the authority *or teach dual*
6 *credit coursework in a certified Kentucky high school* shall render one (1)
7 semester of qualified teaching service as repayment for two (2) semesters or
8 summer terms of scholarships received. Upon completion of each semester of
9 qualified teacher service, the authority shall cancel the appropriate number of
10 promissory notes.

11 (d) If the recipient of a teacher scholarship fails to complete an eligible program
12 of study at a participating institution or fails to render qualified teaching
13 service in any semester following certification or recertification, unless the
14 failure is temporarily waived for cause by the authority, the recipient shall
15 immediately become liable to the authority for repayment of the sum of all
16 outstanding promissory notes and accrued interest. Persons liable for
17 repayment of scholarships under this paragraph shall be liable for interest
18 accruing from the dates on which the teacher scholarships were disbursed.

19 (e) Recipients who have outstanding loans or scholarships under KRS 156.611,
20 156.613, 164.768, or 164.770 respectively, and who render qualified teaching
21 service, shall have their notes canceled in accordance with subsection (6)(c) of
22 this section.

23 (f) The authority shall establish, by administrative regulation, the terms and
24 conditions for the award, cancellation, and repayment of teacher scholarships
25 including, but not limited to, the selection criteria, eligibility for renewal
26 awards, amount of scholarship payments, deferments, the rate of repayment,
27 and the interest rate thereon.

- 1 (g) Notwithstanding any other statute to the contrary, the maximum interest rate
2 applicable to repayment of a promissory note under this section shall be
3 twelve percent (12%) per annum, except that if a judgment is rendered to
4 recover payment, the judgment shall bear interest at the rate of five percent
5 (5%) greater than the rate actually charged on the promissory note.
- 6 (7) A repayment obligation imposed by this section shall not be voidable by reason of
7 the age of the recipient at the time of receiving the teacher scholarship.
- 8 (8) Failure to meet repayment obligations imposed by this section shall be cause for the
9 revocation of a person's teaching certificate, subject to the procedures set forth in
10 KRS 161.120.
- 11 (9) All moneys repaid to the authority under this section shall be added to the
12 appropriations made for purposes of this section, and the funds and unobligated
13 appropriations shall not lapse.
- 14 (10) The authority may execute appropriate contracts and promissory notes for
15 administering this section.
- 16 (11) Notwithstanding any other statute to the contrary, if available funds are insufficient
17 for all requested scholarships for eligible applicants during any fiscal year, the
18 authority shall give priority consideration to eligible applicants who previously
19 received teacher scholarships and, until June 30, 2018, to loan forgiveness for
20 teachers who have outstanding loan balance eligibility for Best in Class loans issued
21 prior to June 30, 2008. If funds are insufficient to make all requested renewal
22 scholarships to eligible applicants, the authority shall reduce all scholarship awards
23 to the extent necessary to provide scholarships to all qualified renewal applicants.
24 If, after awarding all eligible renewal applicants, funds are not depleted, initial
25 applications shall be ranked according to regulatory selection criteria, which may
26 include expected family contribution and application date, and awards shall be
27 made to highly qualified applicants until funds are depleted.